

# **EXHIBIT 46**

**[REDACTED]**

# EC Update - Customer Advocacy

John Grieci

- RQC outlook and FY13 proposal
- Stop Ships, Quality & Customer Issues
- Functional Excellence
- Asia Supplier Engineering
- Functional Update - Strategic Goal project



Page 1

HIGHLY CONFIDENTIAL

FED\_SEAG0024743

## Customer Advocacy Highlights

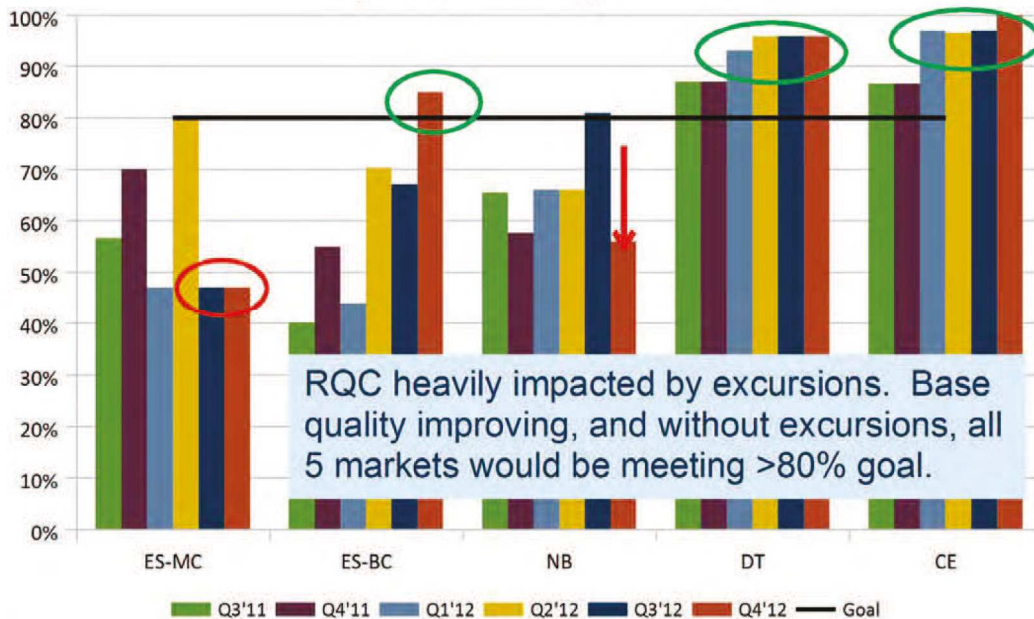
- RQC Mid-qtr outlook: 3 out of 5 markets are green (DT, CE and BC)
- Quality excursions continue to impact our customers and RQC
  - ES-MC: Compass – supplier issue/design sensitivity (FIPG material)
  - NB: Sapta / Julius – design issue stack up tolerance issue, capacitor and base deck short, base deck change process issue
- 8D deployment is starting to gain momentum and take hold
  - Oversight Boards have been trained and established at every site
  - First executive review of key metrics and results scheduled for July
  - External supplier training in process
- Supplier Quality Improvement:
  - Organization change – Asia Supplier Quality Engineering team part of CA
  - Next phase of supplier improvement plan under development
- Quality lot buy-off process being considered
  - To protect Enterprise customers, may quarantine finished goods pending achievement of 3 week ORT checkpoint

# RQC BiC Q3 FY'11 – Q4 FY'12

## Q4 FY12 mid-qtr outlook:

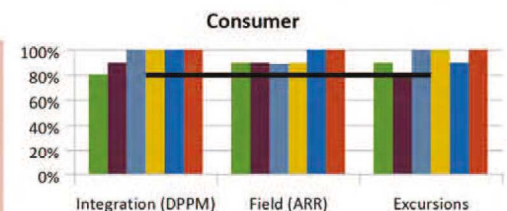
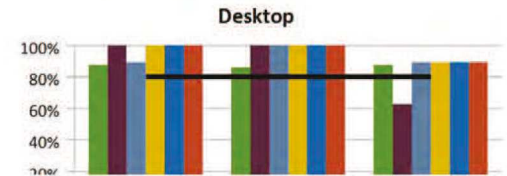
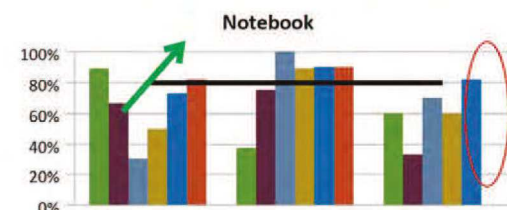
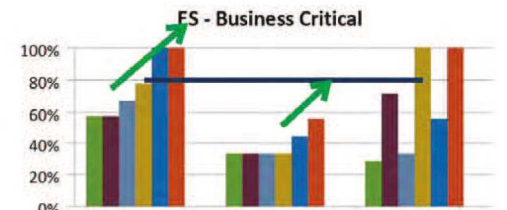
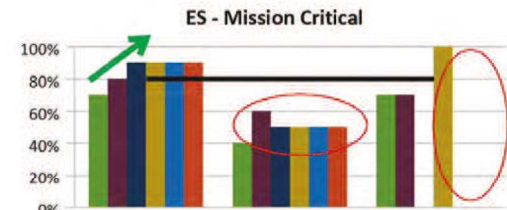
**3 out of 5 market composite scores met or exceeded the 80% goal.**

## RQC BiC FY12- By Market



RQC heavily impacted by excursions. Base quality improving, and without excursions, all 5 markets would be meeting >80% goal.

Observations: As disruptive as the excursions have been the past 2 to 3 quarters, the integration performance has steadily improved in all markets, a good indication that we're catching the issues before they have a big impact on our integration results. Field performance in DT, CE, and NB is good. BC field ranking is starting to slowly improve. The next few quarters will demonstrate the effectiveness of the systemic process improvements being driven and how well they minimize excursions, and catch them far enough upstream to protect our customers from excursions.



HIGHLY CONFIDENTIAL



## Summary by market:

- Mission Critical – 47% composite performance, driven by Compass excursion:
  - The top cover gasket outgassing issue impacted every customer – this is an extension of the top cover outgassing issue from Q3 which did not get to root cause in Q3, and was later discovered to not be limited to one top cover supplier when the root cause was found to be primarily with the FIPG material. Therefore, we are impacted in RQC two quarters in a row for this issue
- Business Critical – Projecting 85, Final impact TBD
- Notebook – Dropped to 56% composite performance
  - Driven primarily by Sapta 15 / Julius capacitor shorting issue
- Desktop – 96% performance overall, with 100% in integration and field
  - One excursion at [REDACTED] due to Grenada high ORT failure rate
  - Concerned about Pharaoh to Grenada transition
- Consumer – 100% performance!

## RQC BiC: FY13 proposed changes

Keep all three measures in RQC; field (ARR), integration (DPPM), and Excursions, with a target of  $\geq 80\%$  for each market segment

- **New for FY13:** Retail market to be added and tracked at corporate level, however, recommend that it not be counted in the bonus compensation calculation for FY13.
- **New for FY13:** Count minor excursions half of major excursions
- **New for FY13:** Redefine Best in Class definition to be the same for all 5 markets
  - Best in Class = ranked #1 vs competition
  - If Seagate is #2, but meeting customer goal, count as green
  - *On an exception basis, situations where Seagate is #2 or #3, and all three competitors are meeting customer goal and within 5% performance of each other, Quality Council will review and make a decision whether to count as green*
- Continue to reflect the corporate level composite as the number of market segments meeting goal of  $\geq 80\%$  (x/5); not an average of all segments and customers
- Bonus calculation will again be tied to the number of markets (5) meeting the  $\geq 80\%$  goal

*We believe these changes will address the following concerns / learning from FY12:*

1. *There have been concerns about counting major and minor equally vs the desire to drive the right behaviors around catching issues earlier rather than later.*
2. *There have been concerns about having different criteria for BiC for NB and DT. By driving everyone to achieve #1, but giving credit for meeting customer goal and/or being within 5% of the competition measures all markets against the same standard. The revised rules gives us credit when competitive performance is so close that penalizing ourselves, for example for a 20 DPPM delta, is counter to the intent of the metric.*

Seagate Confidential

HIGHLY CONFIDENTIAL

FED\_SEAG0024747



## RQC Retail Proposal for FY13

- Add Retail as the 6<sup>th</sup> market, however, exclude from bonus payout calculation for FY13
- Measure three elements:
  - Contacts to Sales Ratio (measure of calls to tech support vs volume of product)
  - Star ratings vs competition (Amazon, Best Buy, NewEgg, Walmart, Costco, Fry's)
  - Excursions
  - Track two additional items: JDM HDD Integration performance, and Retail field return rates (based on ARR)
- Track this metric based on list of retail products (vs list of OEM customers that is done for the other 5 markets)
- Target is to be best in class on  $\geq 80\%$  of our products, based on a composite measure of the three elements

Seagate Confidential

HIGHLY CONFIDENTIAL

FED\_SEAG0024748

## Q4 Excursions Summary

Product / Issue	Primary Root Cause (D4)	Preventive Actions (D7)
Compass - FIPG Gasket	Supplier issue – formulation Design sensitivity – issue not seen on other products using the same FIPG material	<ul style="list-style-type: none"> <li>• Supplier controls – resource such that critical components / suppliers have more direct oversight, improved specifications and component level tests to allow triggering upstream</li> <li>• Design sensitivity - Ensure drive robustness against particulate / outgassing by implementing airflow analysis on ALL designs going forward</li> </ul>
Grenada – DSP (disc separator plate)	Design – stack-up of dimensional tolerances between “pad C pin and cast floor of basedeck” results in interference	<ul style="list-style-type: none"> <li>• Grenada changing to new DSP part number which has Pad C pin removed (pin not critical, and not on Lombard)</li> <li>• Design review of dimensional tolerance stack ups</li> </ul>
Sapta / Julius - capacitor and base deck short	Design issue stack up tolerance issue, base deck change process issue.	<ul style="list-style-type: none"> <li>• Design review of dimensional tolerance stack ups</li> <li>• Require FMEA during design change</li> </ul>
Julius – slow performance issue at [REDACTED]	Performance slow down after leaving system idle for extended hours... head skew learning after idle wake up results in performance slowdown	• TBD / In process
Desaru – stop ship at [REDACTED] for high IFIR	Drives undergoing FA 50% analyzed to be Offset Write issue	<ul style="list-style-type: none"> <li>• Containment: servo code workaround</li> <li>• Preventive: reviewing code qualification process and code logic flow mapping</li> </ul>

Seagate Confidential

HIGHLY CONFIDENTIAL

FED\_SEAG0024749



## Compass – FIPG gasket outgassing issue – D7 Preventive Actions identified to-date:

- Supplier controls – resource such that critical components / suppliers have more direct oversight, improved specifications and component level tests to allow triggering upstream
- Complete review of ALL outgassing components for the above elements
- Lot buy off – Hold inventory prior to ORT 3 week checkpoint
- Ensure drive robustness against particulate / outgassing by implementing airflow analysis on ALL designs going forward
- **ACTION: Perform detailed post mortem and full retrospective on this issue with 8D's for each element of the issue to drive true preventative actions**

Seagate Confidential

HIGHLY CONFIDENTIAL

FED\_SEAG0024750

# Compass Top Cover Customer Status

Compass FIPG Customer Status on 'Yellow' and TX09 Approval				
Customer	Available 'Yellow' FIPG Drives	Shipments of 'Yellow' FIPG Drives	Compass Approval of "Yellow"	Customer Approval of TX09
	25163	0		Approved on 5/31
	1440	0		Approved on 5/25
	191456	0		900GB Approved on 5/25. Other capacities waiting for 1K hr on 6/15.
	63440	22020		Approved on 5/25
	13570	0		Waiting for 1K hr on 6/15. Now allowing shipments to the hub.
	4940	0		Approved on 5/25
	14196	0		Approved on 5/30
	22399	0		Waiting for 1K hr on 6/15.
	0	0		Approved on 5/31
	1,080	0		Approved on 5/30
	0	0		Approved on 5/25
	0	0		Approved on 5/25
	0	0		Approved on 5/30

Seagate Confidential

HIGHLY CONFIDENTIAL

FED\_SEAG0024751

## Functional Excellence – Q4 Actions Update

- Complete RHO Organizational Profile
  - Complete
- Complete RMO Organizational Profile
  - 90% done, completed by Early June
- Review plans with [REDACTED]
  - [REDACTED] meeting on 6/25, [REDACTED] postponed due to customer availability
- Define internal assessment transition plan
  - Add Functional Excellence to QSR/ISO Compliance, Moved from May to June
- Complete RASCI's for key cross functional processes in R & D, Operations and Customer Advocacy
  - Reviewed key processes in May Strategy meeting, work continues
- Begin Self Assessments at RHO & RMO
  - Started at RMO in 5/25 leadership session and on track at RHO for June start
- Evaluate Key Processes and Results with Functional Excellence criteria in Customer Advocacy & Early Adopter Organizations
  - Started, work continues
- Train 5-10 US QSR leads in Baldrige Criteria in June
  - 4 RHO and 6 RMO employees registered for 6/19 training

Seagate Confidential

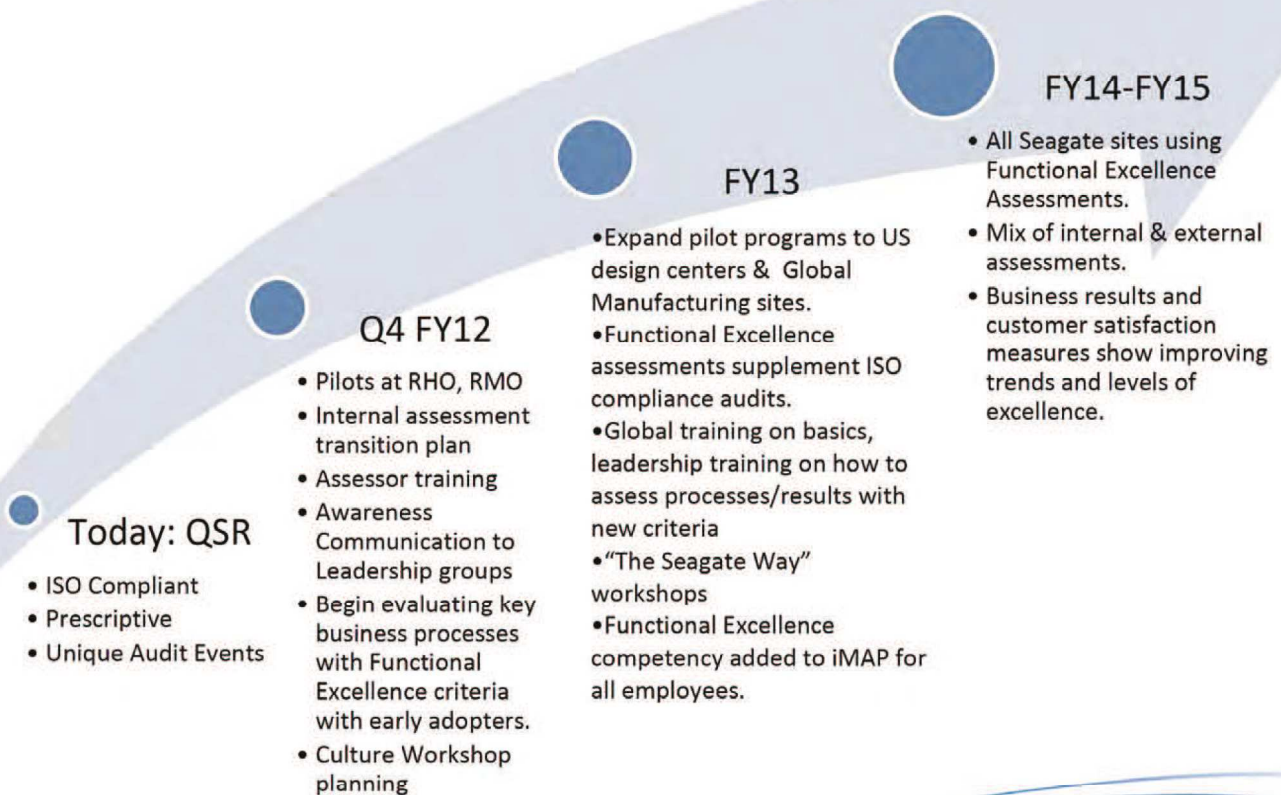
HIGHLY CONFIDENTIAL

FED\_SEAG0024752



# Journey to Functional Excellence

“Taking our Quality Management and Assessment systems to the next level”



Seagate Confidential

HIGHLY CONFIDENTIAL

FED\_SEAG0024753

## FY13 Quality Improvement Roadmap

Focus Areas	Potential or Ongoing Projects
Alignment of Product Designs to Customer Requirements	<ul style="list-style-type: none"> <li>• Strategic Priority #7 Quality &amp; Reliability</li> <li>• Field Telemetry</li> <li>• Workload Specification</li> <li>• Enterprise Product Service Life Reliability &amp; MTBF</li> <li>• Design Margin Requirements Management Improvement (cont.)</li> </ul>
Product Quality and Reliability	<ul style="list-style-type: none"> <li>• Slider to HGSA Quality Improvement</li> <li>• Supplier Quality Improvement (cont.)</li> <li>• Failure Analysis Capability Improvement (cont.)</li> </ul>
Quality Improvement Systems	<ul style="list-style-type: none"> <li>• Functional Excellence</li> <li>• End-to-End Analytics</li> <li>• Cost of Poor Quality</li> </ul>
Customer	Project Definition and Chartering In Progress

Seagate Confidential

HIGHLY CONFIDENTIAL

FED\_SEAG0024754

## CAPA 8D status



- Site oversight boards trained and in place
  - Provide support to teams as they are working issues through the 8D process
  - Request Incident Maps and Is / Is Not analyses
  - Help teams identify good preventive actions, and get their support to implement these cross functionally
  - Metrics identified and starting to be tracked
  - First executive reviews set for July 17 (US/ EMEA) and July 18 (Asia)
  - Recognize and highlight the model 8D's
  - No excuses about using WebFACTS – CAPA system

Seagate Confidential

HIGHLY CONFIDENTIAL

FED\_SEAG0024755



# Asia Supplier Quality Engineering

## Next Steps

Organization	<ul style="list-style-type: none"> <li>• Complete org structure</li> <li>• Resource plans</li> <li>• High level description of each function's responsibilities</li> <li>• Define Vision, Mission, Values and working philosophy</li> <li>• Communicate through All Hands meeting in Asia – June /July</li> </ul>
Focus supplier plans	<ul style="list-style-type: none"> <li>• Publish list of top 20 critical suppliers and accountable Seagate personnel for each supplier / location</li> <li>• Publish detailed quality plans for each single sourced supplier</li> <li>• Published detailed quality plan for each trouble supplier</li> <li>• Publish weekly outgoing and incoming quality for the top 20 suppliers</li> </ul>
General Supplier plans	<ul style="list-style-type: none"> <li>• Publish control plans for key mechanical and electrical suppliers               <ul style="list-style-type: none"> <li>• Include supplier testing to monitor key parameters at the supplier to allow us to trigger an excursion in the supply base</li> <li>• Focus on outgassing and key mechanical suppliers first</li> <li>• Work with DE to help identify these critical to quality elements</li> </ul> </li> <li>• Establish monthly DE interlock meeting</li> <li>• Publish "Maverick Lot" program plan</li> </ul>

# Strategic Priority #7 Quality and Reliability

May 30, 2012

Sai



HIGHLY CONFIDENTIAL

FED\_SEAG0024757

## Objectives and Goals

1. High level Objective:
  - a. Achieve excellence in quality and reliability that is recognized by our customers and internal stakeholders as **best in class**
2. Key FY13 Initiative goal:
  - b. Avoid supply disruptions to our customers due to quality and reliability
  - c. Trigger upstream and stop flow of affected components & processes
  - d. Define, measure and launch new products with improved design margin
3. FY13 IMAP goal for all STX employees:
  - e. Identify your top two customers (internal or external). Identify one gap in the quality of service/product you provide to each of the two customers. Develop individual 8Ds (root cause, corrective and preventative actions) and present to your customer.

Seagate Confidential

HIGHLY CONFIDENTIAL

FED\_SEAG0024758



## Strategy

FMEA & Failure Mode RMaps  
Subsystem/Reliability Modeling  
Functional Checklists  
Design Margin & Life Tests  
FOF & Cert Capability  
Supplier Development  
Product Assurance  
Phase Gate Process

$$\text{BiC QR} = f(\text{design, manf+supply})$$

Supplier Process  
Supplier OBA/ORT  
Incoming QC  
FOF SPC  
Cert SPC  
OBA/ODT/ORT  
WIP & Outbound  
Int & Field Monitoring

Developing projects in each of these

Seagate

Seagate Confidential

HIGHLY CONFIDENTIAL

FED\_SEAG0024759

## Team and Initiative timeline

### 1. Steering Council:

- Lead: Sai Varanasi
- PLM: Bob Griswold
- Design: Dan Kuhl
- Supply Chain: Dennis Omanoff
- SQE: Levend Akkan
- Manufacturing: KF Chong
- Quality: Mike Crump

### 1. Timeline

1. Identify team leads and finalize the strategy – May 30 2012 **DONE**
2. Identify current projects, deliverables in each area – June 30 2012
3. Identify new projects, goals and timelines – Q1 2012
4. Track progress (metrics at each subsystem and overall progress) – July 2012 starts monthly report out

Seagate Confidential

HIGHLY CONFIDENTIAL

FED\_SEAG0024760

Backup



HIGHLY CONFIDENTIAL

FED\_SEAG0024761



# Retail RQC – proposal for review – Q4 Baseline

Ref #		Retail	Q4FY12 baseline data					Other elements to track and maintain visibility		Seagate Target	Seagate Target	JDM	Seagate Target	Competitor Star Rating	
			Contact to Sales Ratio %	Star ratings	Excursions	JDM Integration %	Field ARR	Contact to Sales Ratio %	Max	Star Rating	Integration target Max	Field ARR	Product	Actual	
1	Simple Storage	Expansion Portable USB2	1.3%	3.7		99.7	1.37%	1.5	4	3000	tbd	WD Elements Portable USB2	4.3		
2		Expansion Portable USB3	0.06%	4		99.7	1.11%	1.5	4	3000	tbd	WD Elements Portable USB3	4.7		
3		Expansion Desk USB2	4.3%	3.6	1	99.8	1.96%	1.5	4	3000	tbd	WD Elements Desktop USB2	4.7		
4		Expansion Desk USB3	0.3%	N/A		99.8	4.63%	1.5	4	3000	tbd				
5		GoFlex USB2	2.7%	4.1		99.8	1.70%	1.5	4	3000	tbd	WD My Passport Essentials USB2	3.6		
6		GoFlex USB3	1.4%	4.2		99.8	3.40%	1.5	4	3000	tbd	WD My Passport Essentials USB3	4.3		
7		GoFlex Desk USB2	1.9%	3.4		99.9	2.26%	1.5	4	3000	tbd	WD MyBook Essentials USB2	3.5		
8		GoFlex Desk USB3	21.0%	3.6		99.9	8.89%	1.5	4	3000	tbd	WD MyBook Essentials USB3	3.8		
9		GoFlex Desk USB2 for Mac	4.7%	3.7		100	18.42%	1.5	4	3000	tbd	lomega Prestige	3.7		
10		GoFlex Slim	1.5%	4.4		100	1.61%	1.5	4	3000	tbd	G-Tech G-Drive Slim	3.9		
11	Connecte d Storage	GoFlex Slim for Mac	0.8%	N/A		100	2.33%	1.5	4	3000	tbd	N/A			
12		GoFlex Turbo	3.6%	N/A		100	4.17%	1.5	4	3000	tbd	N/A			
13		GoFlex Cinema	0.6%	N/A		99.9	1.73%	8	3.5	3000	tbd	N/A			
14		GoFlex Home	27.4%	2.9		100	10.00%	8	3.5	3000	tbd	LaCie Network Space 2	3.9		
15		GoFlex Satellite	9.6%	3.5		99.3	5.50%	8	3.5	3000	tbd	N/A			
16	Small medium Business	Black Armor NAS 110	56.7%	2.1		No Build	6.78%	100	3.5	3000	tbd	Netgear ReadyNAS NV+	3.6		
17		Black Armor NAS 220	18.7%	3.2		No Build	4.45%	100	3.5	3000	tbd	WD MyBook World Edition 2	3.1		
18		Black Armor NAS 440	43.1%	2.6	1	No Build	6.79%	100	3.5	3000	tbd	WD ShareSpace Network Storage	3		
			% BiC	50%	43%	89%	93%	TBD							
			% BiC Composite	62%											

HIGHLY CONFIDENTIAL

FED\_SEAG0024762

# Market Segment Executive Summary

MC RQC BC RQC DT RQC CE RQC NS RQC

## Mission Critical

- Compass SSO being lifted on customer-by-customer basis as they approve shipments of TX-09 FIPG units. [REDACTED] have released all capacity points. [REDACTED] has released 900GB, and are holding for 1000 hr SORT completion for lower capacity points. [REDACTED] still holding for 1000 hr SORT completion.
- Eagle, Hornet and YellowJacket completed 1000hr S\_SORT with no article failures reported with affected 4302 material.

## Business Critical

- In general, Muskie+, MantaRay and Airwalker continue to perform at BiC level at integration.
- Airwalker with affected 4302 (3M) FIPG material (red) now past 600 hours SORT with no sign of article related failures or outliers. Yellow material at 400 hours with no fails. Based on this, all AW "Yellow" material has been released to ship. All major customers have approved resumption of shipments except for HP, meeting scheduled 5/29 with HP to gain approval.

## Desktop

- Overall Pharaoh continues to perform well, and is BiC at virtually all customers.
- [REDACTED] has put Grenada on stop ship and [REDACTED] very concerned with ORT performance, and AFR projection. Majority of failures being reported (in ORT population) are pre-corrective action drives (prior to WW42), however recently also seeing failures based on stack up tolerance between DSP and MBA. Providing an updated AFR projection based upon corrective action taken post-WW42, as well as further actions being implemented to alleviate customers concerns.

## Consumer Electronics

- Overall Hepburn continues to perform well, and is BiC at virtually all customers.

## Notebook

- [REDACTED] stop shift has been lifted. The reported 1.6% failure rate was ultimately determined to be due to operational shock that occurred when [REDACTED] started testing drives on a moving conveyor.
- [REDACTED] has released the Julius Slow Performance and Desaru high FIR stop ships, with FW solutions for both. Still working internally to determine how we can prevent these types of post-launch FW issues going forward.
- Sapta 15/Julius impacted by C732 capacity short to base deck. [REDACTED] has reported motherboard damage due to this failure mode. Analysis has identified zero stack-up tolerance, and issue is seen primarily on Brilliant baseplates. All customers have been notified. Majority of customers have accepted the dot seal containment, with HP the notable exception. Rework returns from customers have been reduced from ~700K units down to 168K.

## RQC

- MC will be heavily impacted due to latest Compass FIPG issue, and NS will be impacted due to Sapta15 5V short to ground baseplate issue. BC Airwalker impact TBD.

Seagate Confidential

21

HIGHLY CONFIDENTIAL

FED\_SEAG0024763



**FED\_SEAG0024743****Metadata**

<b>Attach Counts</b>	0	ORIGINAL
<b>AUTHOR</b>	Niki Nakada	ORIGINAL
<b>Confidentiality</b>	Highly Confidential	USER
<b>Custodian</b>	Martin_Carrie	ORIGINAL
<b>DATECREATED</b>	7/12/2006	ORIGINAL
<b>DATELASTMOD</b>	6/4/2012	ORIGINAL
<b>DOEXT</b>	pptx	ORIGINAL
<b>DOCTYPE</b>	MS PowerPoint 2007-2010 Presentation (O	ORIGINAL
<b>FED_BEGATTACH</b>	FED_SEAG0024742	ORIGINAL
<b>FED_ENDATTACH</b>	FED_SEAG0024763	ORIGINAL
<b>FileName</b>	Customer Advocacy for EC June 4 2012 draft rev4.pptx	ORIGINAL
<b>FILESIZE</b>	940834	ORIGINAL
<b>MD5 Hash</b>	2B8C37D0AAD98E9F2B25E78199D8EC98	ORIGINAL
<b>Old FedBegProd</b>	FED_SEAG0001188	ORIGINAL
<b>OrgFolder</b>	Martin_Carrie\Carrie_Martin-3\Carrie_Martin_carrie.r.martin@seagate.com_2.mbox\Martin_Carrie\Carrie_Martin-3\	ORIGINAL
<b>Parent_ID</b>	SG_CTRL0008989	ORIGINAL
<b>RecordType</b>	IMAGE ATTACHMENT	ORIGINAL
<b>Relativity Image Count</b>	21	ORIGINAL
<b>Relativity Native Time Zone Offset</b>	-8.00	ORIGINAL
<b>TIMECREATED</b>	10:54 AM	ORIGINAL
<b>TimeLastMod</b>	11:35 AM	ORIGINAL
<b>TITLE</b>	Seagate's Corporate Teal/White Template	ORIGINAL